



Integrated Country Strategy

Philippines

FOR PUBLIC RELEASE

Table of Contents

1.	Chief of Mission Priorities	3
2.	Country Context	Error! Bookmark not defined.
3.	Mission Strategic Framework	5
4.	Mission Goals and Objectives	6
5.	Management Objectives	16
6.	Transition Planning for Foreign Assistance	Error! Bookmark not defined.

1. Chief of Mission Priorities

The U.S. Mission advances American interests by helping the Philippines succeed as a secure, prosperous, and democratic country, at peace with its neighbors, and more closely integrated with the Asia-Pacific community.

The 1951 Mutual Defense Treaty (MDT) is the foundation of strong bilateral defense and security ties, and the United States remains the Philippines' most important defense partner. Despite episodic tensions, including the currently tenuous status of the Visiting Forces Agreement (VFA) which underpins our defense cooperation, the relationship remains broad and deep. Strong people-to-people ties enable us to withstand changes in political leadership and support vibrant two-way trade and travel. The United States remains a partner of choice across much of the Philippines' government and popular among its public. We intend to capitalize on these foundations to expand the full scope of our cooperation in support of U.S. national and economic security.

The United States aims to demonstrate the adaptability and growing relevance of the bilateral relationship to secure our position as the Philippines' leading partner for national development. The Mission's 28 agencies and sections remain focused on advancing U.S. foreign policy interests: **improved internal and external security; sustainable and inclusive U.S. and Philippine economic growth; increased leadership in addressing regional challenges; and strengthened democratic processes, increased transparency, and respect for rule of law and human rights.** Each of those four goal areas directly relates to elements of the 12 objectives in this Integrated Country Strategy.

The Philippines entered its first recession in nearly two decades in 2020, yet its macroeconomic fundamentals remain strong to provide opportunities for U.S. investors, having maintained an investment-grade credit rating since 2013, incremental improvements to its business climate, and competent monetary and fiscal policy management. Corruption, lack of transparency, protectionism, and control of key industries by a small group of families continues to distort markets and hampers the Philippines' growth. The Philippines' impressive economic performance, averaging 6.6 percent GDP growth in the past four years, contributed to its notable progress in narrowing the poverty gap and prioritizing inclusive growth. However, health and economic impacts from the COVID-19 pandemic have derailed economic growth and undone much of these gains. As a top trading partner and foreign investor in the country, the United States seeks to continue to be the Philippines' partner of choice on its road to economic recovery and development toward achieving upper middle-income status.

The United States aims to secure a free and open Indo-Pacific by strengthening the Philippines'

role as a constructive partner on regional challenges, including upholding international law and norms, resisting coercion in the South China Sea (SCS), combating transnational terrorism, and strengthening the Association of Southeast Asian Nations' (ASEAN) role in defending a rules-based order in Southeast Asia in the face of pressure from other powers. Public and official response to the United States' July 2020 policy change supporting the Philippines' SCS rights was overwhelmingly positive; we will build on this enthusiasm to uphold the Philippines' 2016 Permanent Court of Arbitration victory. We will continue to encourage Filipinos to take the lead in protecting their territory, natural resources, and democratic space from malign influence.

The Philippines continues to grapple with longstanding challenges that have hampered greater economic development. Despite extensive anti-corruption efforts by the Government of the Philippines (GPH), poor governance and graft are still pervasive from the national to the local level and drag on the economy. A highly entrenched elite hinders major economic reform, and poor infrastructure, endemic corruption, and high energy costs leave the Philippines trailing behind its neighbors in attracting foreign direct investment. Judicial reform lags, with cases often taking years to resolve, including many cases involving U.S. citizens. The GPH has made significant strides in combatting trafficking in persons, but these efforts must rise to match the growing problem. We will deepen our relationships with the Philippines' law enforcement agencies, government bodies, and civil society groups to counter violent extremism, corruption, and transnational crime to the benefit of Philippine and U.S. citizens in both of countries.

We remain concerned over the Philippines' handling of labor rights, freedom of the press, due process, and human rights, while the conduct of the ongoing anti-drug campaign has raised rule-of-law concerns. We support the aspirations of millions of Filipinos who want to live in a society characterized by good governance and the rule of law. Our Mission aims to be a resource and partner for the Philippines as it seeks to build the capacity of law enforcement and the justice sector, increase accountability to the public, and protect human rights, particularly those of minorities and vulnerable groups.

With strategic competitors actively seeking to undercut the U.S.-Philippine relationship, the headwinds of COVID-19, and differences over human rights priorities, we must work to deepen the roots of the longstanding friendship between our two democracies, upgrade and modernize our alliance to face new challenges, expand U.S. trade and investment, and support the rule of law and good governance. Our Integrated Country Strategy will advance the opportunities and address the challenges of the Philippines, helping to provide both national and economic security benefits for the United States in a more stable region.

2. Mission Strategic Framework

Mission Goal 1: The Philippines, in a manner consistent with the rule of law and in alignment with U.S. interests, deters foreign aggression, reduces the threat of terrorism, secures its maritime domain, increases protection of U.S. and Filipino citizens, and advances peace and security in conflict-affected areas.

Mission Objective 1.1: Philippine security forces can deter foreign aggression and prevent and respond to terrorist threats, including those that target U.S. interests.

Mission Objective 1.2: Philippine military, law enforcement, and civilian agencies extend maritime domain awareness through, and can deter and counter coercive activity in, its EEZ and other areas of interest.

Mission Objective 1.3: The GPH improves peace and security, particularly in conflict-affected areas, by addressing drivers of and increasing resilience to conflict and extremism in vulnerable communities, including through people-to-people exchanges.

Mission Goal 2: The Philippines increases prosperity through closer economic ties with the United States.

Mission Objective 2.1: Increase opportunities for U.S. business trade and investment.

Mission Objective 2.2: Advance U.S. or partner country/institution expertise, technology, and assistance to support secure critical infrastructure development. (Incorporates USAID CDCS DO2)

Mission Objective 2.3: Promote the United States as the Philippines' lead partner in support of human capital development and environmental resilience to promote inclusive, sustainable socioeconomic growth. (Incorporates USAID CDCS DO2 and DO3)

Mission Goal 3: The Philippines is a proactive partner and regional leader in addressing global and multilateral challenges, in support of a free and open Indo-Pacific region.

Mission Objective 3.1: The Philippines more actively controls its maritime domain and makes informed decisions regarding use of its maritime resources that protect sovereignty and promote sustainability.

Mission Objective 3.2: Philippine civil society actors expand their engagement on security, economic, and governance issues that support a free and open Indo-Pacific region. (Incorporates USAID CDCS DO1)

Mission Goal 4: The Philippines strengthens democratic processes, increases public accountability, and upholds rule of law and human rights.

Mission Objective 4.1: The Philippines practices accountable and transparent governance at the local, regional, and national levels. (Incorporates USAID CDCS DO1)

Mission Objective 4.2: The Philippines has a strong, independent justice system that is efficient, fair, transparent, and protects human rights of both Philippine and U.S. citizens.

Management Objective 1: The Mission enhances its preparedness for disasters of all kinds.

Management Objective 2: The Mission increases its rental benchmark, obtaining leases and incorporating housing that better aligns with the space allowance established for mid- and senior-level officers. At the same time, the Mission upgrades its housing pool security.

3. Mission Goals and Objectives

Mission Goal 1: The Philippines, in a manner consistent with the rule of law and in alignment with U.S. interests, deters foreign aggression, reduces the threat of terrorism, secures its maritime domain, increases protection of U.S. and Filipino citizens, and advances peace and security in conflict-affected areas.

Description and Linkages: The Philippines faces a range of internal and external threats, from territorial disputes and terrorism to instability in Mindanao and challenges to governance and the rule of law. Our military-to-military partnership supports the modernization of the Armed Forces of the Philippines (AFP) to enhance its territorial defense, maritime security, and CT capabilities. Our law enforcement partnerships will focus on enhancing community-police relations and internal security, including stopping terrorist operations, movement, and funding, to improve the effectiveness of terrorism investigations and prosecutions, and build capacity for law enforcement to counter violent extremism and transnational crime, including at sea and on the borders. Our work to reduce the threat of terrorism and foster peace and stability will continue to address drivers of conflict and extremism by strengthening governance, civic engagement, and community cohesion and resilience; increasing educational and economic opportunities, particularly for at-risk youth, women, and other vulnerable populations; improving basic social service delivery; and countering violent extremist recruitment. Finally, we will use these security partnerships to strengthen the U.S.-Philippine alliance, manage the challenges PRC, Russia, and other outside actors pose to the alliance, ensure the durability of our foundational bilateral agreements, and reinforce our commitment to address common challenges.

This Goal directly supports Pillar 1 of the 2017 National Security Strategy (NSS), the 2018 National Defense Strategy, the 2020 Guidance for Development of Alliances and Partnerships, the 2020 U.S. policy regarding Philippine claims in the SCS, the Strategic Objectives 1.2, 1.3, 1.4, and 1.5 of the FY2018-2022 State-USAID Joint Strategic Plan, and Goal 1 of the EAP/Asia Joint Regional Strategy. This Goal is consistent with and supportive of the Security and Governance & Cooperation categories in the Indo-Pacific Strategy.

Mission Objective 1.1: Philippine security forces can deter foreign aggression and prevent and respond to terrorist threats, including those that target U.S. interests.

Justification: The AFP continues to transition from an internally-focused organization to one that defends Philippine sovereignty and peacefully resolves territorial disputes, while other security forces, including police, coast guard, and immigration authorities, are increasingly able to execute CT operations and other internal security functions without military support. Risks associated with not achieving this mission objective include a Philippine territorial defense capability that is unable to deter evolving and increasingly assertive regional threats, lack of interoperability between U.S. and Philippine forces, and a resurgent terrorist threat.

Mission Objective 1.2: Philippine military, law enforcement, and civilian agencies extend maritime domain awareness through, and can deter and counter coercive activity in, its EEZ and other areas of interest.

Justification: Increasing unlawful PRC claims to and presence in Philippine areas of the SCS challenge Philippine authorities' ability to monitor and protect their EEZ and archipelagic sea lanes. In addition, the Philippines faces low-intensity, non-state violent extremist organization threats in its southern archipelagos and porous territorial waters on the Sulu and Celebes Seas. A mobile, aware, and capable Philippine maritime security enterprise that works effectively as part of the interagency and with close partners is essential to ensuring a free and open Indo-Pacific region and a secure Philippine state. The Philippines has a good baseline capability to address many aspects of these threats; however, long-term deployments, increasingly distant maritime patrols, and asset and infrastructure degradation weaken the capacity to respond effectively. Risks associated with not achieving this mission objective include increased terrorist activity, weakened governance, compromise of Philippine sovereignty, and externally imposed restrictions on maritime traffic.

Mission Objective 1.3: The GPH improves peace and security, particularly in conflict-affected areas, by addressing drivers of and increasing resilience to conflict and extremism in vulnerable communities, including through people-to-people exchanges.

Justification: Conflict and terrorist activity in vulnerable communities throughout the Philippines have broad implications for Philippine and U.S. security. The southern Philippine island of Mindanao and the Sulu Archipelago have traditionally been areas of particular concern, as the region is home to the majority of the country's poorest provinces and is plagued by corruption, lawlessness, criminality, conflict, and terrorist activity, including the siege of Marawi City by ISIS-inspired and funded groups from May to October 2017, which displaced more than 350,000 people and imposed economic costs estimated in the billions of dollars. This objective seeks to address root causes of conflict and extremism in Mindanao and throughout the Philippines by strengthening governance, civic engagement, and community cohesion; addressing the lack of educational and economic opportunity, particularly for at-risk youth and girls, women, and other vulnerable populations; improving service delivery; and countering violent extremist recruitment, reducing the threat of terrorism, and improving peace and stability. Risks associated with not achieving this mission objective include: continued instability in Mindanao and the spread of terrorism to other parts of the country; continued significant constraints on our ability to protect and serve U.S. citizens in these regions; and the potential targeting of U.S. citizens because of their nationality either as victims of terrorism or as valuable new recruits into terrorist groups.

Mission Goal 2: The Philippines increases prosperity through closer economic ties with the United States.

Description and Linkages: The Philippines, once on track to achieve upper-middle income status, experienced its first recession in three decades in 2020 as a result of the worldwide COVID-19 pandemic, which nearly erased five years of the country's sustained economic progress in reducing unemployment, hunger, and poverty levels. For the Philippines to rebound from recession and become a more valued and reliable trading partner with the United States, increased socioeconomic stability and prosperity within the country must be achieved at all levels. Reducing trade and investment barriers to facilitate market-based, fair, and reciprocal trade will allow for better access for U.S. goods and services to the Philippine market, open greater opportunities for U.S. investments in the country's infrastructure development drive, and facilitate cooperation toward a bilateral trade agreement. Improving the Philippines' ability to curb endemic corruption, enforce rule of law, and foster transparent regulatory processes will create a more competitive business climate for private sector investment to contribute to productive economic growth.

Accelerating broad-based and inclusive economic growth not only requires a more competitive economy, but also vastly upgraded critical infrastructure, more competitive human capital, and a natural environment capable of weathering the frequent natural disasters which impact the archipelago. Ensuring high-quality infrastructure development, particularly in the critical

sectors of energy and information/communication technology will lead to increased growth and productivity, better mobility and connectivity of people and goods, greater trade and investment, and more job opportunities contributing to stable growth. The Mission also considers the importance of investments that will sustain the United States as the partner of choice in economic, health, and education cooperation. This has become increasingly important as the GPH has increased cooperation in these area with regional strategic competitors, whose soft power diplomacy strategies and business interests do not always align with international norms and standards.

This Goal directly supports Pillars 1, 2, and 4 of the 2017 NSS, Strategic Goals 2 and 3 of the FY2018-2022 State-USAID Joint Strategic Plan, and Goal 4 of the EAP/Asia Joint Regional Strategy. This Goal is consistent with and supportive of the Economic and Governance & Cooperation categories of effort in the Indo-Pacific Strategy. The NSS specifically described the Philippines as an important market for the United States.

Mission Objective 2.1: Increase opportunities for U.S. business trade and investment.

Justification: Prior to the COVID-19 pandemic, the Philippines was one of the fastest-growing economies in Asia, with an investment-grade credit rating and succession of competent government economic managers steering sound fiscal and monetary policies to maintain economic stability. U.S. firms across a range of sectors have supported the Philippines' exemplary economic growth through quality investment and human capital development. U.S. companies have successfully operated in the Philippines for decades and are the biggest employer, electronics exporter, and among the top taxpayers in the country. However, constitutionally-mandated and regulatory barriers, corruption, and a lack of fiscal space have significantly contributed to the economy's weak competitiveness, and remain obstacles to accelerating economic growth in the Philippines. Weak governance, rule of law, and human capacity also underlie and reinforce these challenges. Following President Duterte's multiple state visits to the PRC since 2016, there has been a significant increase in interest by PRC firms to invest in the Philippines, and a rise in PRC soft power including PRC official stationed in the Philippines' larger cities. The wide-spread nature of PRC investments throughout the country, at the national and sub-national levels, has reinforced opaque competitive processes and increased competition for U.S. firms. The Philippine's ranking of 64 of 141 countries in the World Economic Forum's 2019 Global Competitiveness Report reflects its position well behind regional peers Malaysia (27), Thailand (40), and Indonesia (50).

For U.S. companies operating in the country to achieve enhanced economic trade and competitiveness in a post-pandemic future, the Philippines must adopt reforms that eliminate barriers to free U.S. goods trade flows and eliminate regulations limiting foreign investment to

nurture a more open, transparent, and competitive business climate. Acceptance of free, fair, and reciprocal trade in the Philippines conforming to international standards and best practices and promoting a regional leadership role for the Philippines in strategic trade control will also help the country improve its economy and capacity to carry out necessary economic reforms. The Philippines already has World Trade Organization commitments and wants to formally expand our Trade and Investment Framework Agreement into a formal bilateral free trade relationship with the United States.

Mission Objective 2.2: Advance U.S. or partner country/institution expertise, technology, and assistance to support secure critical infrastructure development.

Justification: The Philippine's infrastructure deficit has been a significant impediment to the country's prosperity and its efforts to accelerate long-term economic growth and reduce poverty. Horrific traffic, degraded roads, poor public transportation, limited connectivity between islands, expensive electricity, periodic brownouts, and the slowest internet connectivity in the region are defining characteristics of the Philippine economy. This has impeded access to markets and employment, as well as access to schools and social services, and taken an exacting toll on the pace of the country's socioeconomic development. However, this has also created a huge opportunity for development and investment. The government's Build, Build, Build infrastructure development program raised public spending on infrastructure development to its highest level in ten years (4.6% of GDP in 2018 based on cash disbursements), advancing transportation, public utility, and flood risk management projects at the national and subnational levels. Sustained investment in infrastructure development will be important for connecting regions and markets, generating jobs, and spurring economic growth. The COVID-19 pandemic has further reinforced the Duterte administration's emphasis on infrastructure spending as a vital component of the government's economic recovery strategy, which has expanded to include priorities for better infrastructure in the health and education sectors.

PRC state-owned companies' investments in infrastructure, courted by the Duterte administration, have included several key investments in critical infrastructure sectors, including power and energy, communications, and transportation (roads, airports, ports, etc.). These investments have raised questions among some Filipino public and private sector stakeholders about the quality of construction and vulnerability of systems and equipment deployed in these critical sectors by state-run PRC firms. While U.S. firms have found it difficult to participate in transportation infrastructure projects and compete against Official Development Assistance (ODA) lending terms, ODA from partner countries and financial institutions, including the Japanese, Asian Development Bank (ADB), World Bank, and Korea, have advanced high-quality infrastructure investments. The growth of the digital economy in

the country, coupled with new consumer demand patterns, is also creating widespread business opportunities for U.S. expertise and technology. Cyber also continues to be a prime avenue for bilateral cooperation, especially to counter malign actors seeking to exploit vulnerabilities. The Mission's successful Joint Cybersecurity Working Group with several Philippine government entities, and multiple initiatives to shape cyber and digital economy policy, will position the United States to be a partner of choice in providing its expertise and assistance to support this development.

Mission Objective 2.3: Promote the United States as the Philippines' lead partner in support of human capital development and environmental resilience to promote inclusive, sustainable socioeconomic growth.

Justification: Investments in human capital and environmental resilience are necessary for long-term national development, a more competitive economy, and sustainable development. Pursuing this objective, together with sustained, broad-based and inclusive growth in the Philippines will enable a more stable, prosperous, and well-governed nation, which will create more economic opportunities as well as investment opportunities for the United States.

With regards to human capital development, the United States is the Philippines' partner of choice for health and education investments and partnerships. These investments strengthen overall competitiveness and economic opportunity for the Philippine population, which creates a stronger enabling environment for U.S. private sector investment.

USG education investments are comprehensive, including basic education, higher education, workforce development, academic exchanges and long-term training programs. Given the large and growing youth population, specific attention will be placed on workforce development, which matches the needs of the private sector with skills development initiatives. Continued investment in human capital will result in high quality job creation, per capita incomes raised, income distribution improved, and greater prosperity achieved. Improved educational outcomes and an educated workforce will develop more productivity that attracts a higher level of investment, increased competitiveness of the Philippines, and creation of more U.S. private sector investment opportunities.

Pursuit of quality health care is another avenue for building human capital. The United States will invest in public, private, and community-based health care provision, improving the quality of services, and supporting health sector financing to expand equitable and affordable access to quality care. Improvements in health reduce the costs to livelihoods and increase productivity, strengthen the labor market and promote inclusive economic growth. Other health initiatives meet specific needs of the Philippine health system, to include addressing the Tuberculosis (TB)

problem, targeted support to address HIV/AIDS, as well as support for health financing and the delivery of quality health care services.

The United States will also pursue improving Philippine environmental resilience through stronger natural resource management to advance sustainable development. The Philippines is designated as one of the world's mega-biodiverse countries. It's wealth of natural resources sustain the livelihoods of one third of Filipinos, including entire communities that are dependent upon them, as well as support growth across the agriculture, fisheries, and industrial and services sectors. Over-extraction of resources, however, weakens the ability of ecosystems to recharge, and threatens the livelihoods of communities and the longer-term profitability of industries that are dependent upon them. The Philippines' natural capital also provides energy, water, flood control, storm mitigation, and other environmental services that are essential for human and economic growth. USAID's 2018 Biodiversity and Tropical Forestry Analysis concluded that the management of biodiversity, natural resources, and environmental services have improved in recent years, but significant threats still exist, including habitat conversion from agriculture and mining expansion, unsustainable resource use and extraction, poaching, pollution, and poor natural resource governance.

The Philippines ranks as the third-most risk-prone country to natural disasters globally and has a high level of social vulnerability. Understanding the Philippines' vulnerability to extreme weather events, the United States will strengthen the Philippine's disaster response capacity as well as provide direct U.S. humanitarian assistance when required. Crosscutting these sub-objectives are efforts to address issues of governance, corruption, and accountability that undermine the management of natural resources for the public good. Improved planning, preparedness, and mitigation measures will reduce the vulnerability of communities and infrastructure.

USAID's environment and biodiversity programs support this Mission objective and are described in more detail under Development Objective three in USAID's Country Development Cooperation Strategy. In addition, disaster risk reduction measures are coordinated closely with USAID's Bureau of Humanitarian Assistance. These objectives are supported by the recently updated and new bilateral Science and Technology Agreement through which the Philippines and the United States share technology to address problems of resource management and disaster resilience. Risks associated with not achieving this objective include reduced ability to manage, conserve, and sustainably utilize natural resources; lack of political will and increased vulnerability to natural disasters.

Mission Goal 3: The Philippines is a proactive partner and regional leader in addressing global and multilateral challenges, in support of a free and open Indo-Pacific region.

Description and Linkages: The PRC is becoming increasingly aggressive in the SCS, and the GPH has not actively enforced its 2016 victory at the international tribunal. President Duterte's decision to downplay the arbitral ruling and embrace an "independent foreign policy" that incorporates PRC perspectives on global affairs affects not only the Philippines' strategic interests, but those of other claimant countries, the Indo-Pacific region, and the United States. In addition to threatening free and fair access to some of the most heavily utilized shipping lanes in the world, PRC aggression in the SCS has immediate, practical consequences for Filipinos as well. Maritime degradation represents an existential threat to Filipino livelihoods, and PRC behavior is directly responsible for endangering the country's unique marine biodiversity on which its tourism and fishing industries rely. Without active protection and conservation, the Philippines, and the world, are at risk of losing the country's maritime riches. Our work to support civilian engagement on SCS issues and enhance the Philippines' ability to lead positive, sustainable partnerships with regional states will reduce the threats from the PRC and shape a regional paradigm governed by international law and evidence-based best practices for shared resource management. By working with marine law enforcement to counter illegal activity, building academic connections, supporting civil society programs, and promoting regional linkages, the Mission will improve food security, economic, and research outcomes for the Philippines while building a more stable region.

This Goal directly supports Pillars 1, 2, and 4 of the 2017 NSS, Strategic Objectives 2.1 and 3.2 the FY2018-2022 State-USAID Joint Strategic Plan, and Goal 5 of the EAP/Asia Joint Regional Strategy. This Goal is consistent with and supportive of the Governance & Cooperation category of effort in the Indo-Pacific Strategy. The NSS specifically mentions ASEAN and APEC as "centerpieces of the Indo-Pacific's regional architecture and platforms for promoting an order based on freedom." This goal is consistent with and supportive of the Governance & Cooperation category of effort in the Indo-Pacific Strategy. The NSS specifically mentions ASEAN and APEC as "centerpieces of the Indo-Pacific's regional architecture." This goal directly supports Principal 4 of the 2019 Department of Defense's Indo-Pacific Strategy Report (ISPR): "Adherence to international rules and norms, including those of freedom of navigation and overflight." It also buttresses the IPSR's lines of efforts to achieve the goal of "Sustaining U.S. Influence to Achieve Regional Objectives." These two lines of effort, which are directly supported by ICS Goal 3, are: 4.2 "Partnerships" and 4.3 "Promoting a Networked Region."

Mission Objective 3.1: The Philippines more actively controls its maritime domain and makes informed decisions regarding use of its maritime resources that protect sovereignty and promote sustainability.

Justification: Despite the 2016 UN Permanent Court of Arbitration ruling recognizing the Philippines' sovereign right to their EEZ in the SCS, significant roadblocks have prevented the Philippines from fully accessing and protecting their maritime domain. The PRC continues to infringe on the Philippines' territorial waters affecting the Philippines' ability to access and utilize natural resources, conduct marine research, and provide unhindered safe passage in disputed areas.

Mission Objective 3.2: Philippines civil society actors expand their engagement on security, economic, and governance issues that resist malign regional actors and support a free and open Indo-Pacific region.

Justification: Awareness of issues in the SCS is localized, resulting in lack of a coordinated national effort to combat issues such as illegal, unreported, and unregulated fishing; PRC maritime harassment; and threats to other marine resources. By comprehensively addressing maritime threats, the Philippines can enhance local economies, improve environmental stewardship, and pursue projects affecting long-term strategic national interests.

Mission Goal 4: The Philippines strengthens democratic processes, increases public accountability, and upholds the rule of law and human rights.

Description and Linkages: The Philippines' effectiveness as a key U.S. ally in Asia depends not only on its military capabilities, but also on the strength of its democracy, effective governance, and respect for the rule of law and human rights.

This Goal directly supports Pillar 4 of the 2017 NSS, Strategic Goal 3 of the FY2018-2022 State-USAID Joint Strategic Plan, and Goal 5 of the EAP/Asia Joint Regional Strategy. This Goal is consistent with and supportive of the Governance & Cooperation categories of effort in the Indo-Pacific Strategy.

Mission Objective 4.1: The Philippines practices accountable and transparent governance at the local, regional, and national levels.

Justification: Over the past few years, the Philippines has experienced democratic backsliding. The United States and GPH have a long-term shared interest in working together to uphold democratic values, promote the welfare and protect the rights of the Filipino and American

people, and strengthen the country's national and local institutions to safeguard Philippine democracy. Empowering civil society, the media, and independent democratic institutions is the surest path to supporting needed political reforms, good governance, respect for human rights, and anti-corruption efforts; however, we expect resistance from entrenched elements of the political elite. Working toward this objective will increase the GPH's ability to be a reliable U.S. partner that leads the region in upholding and enforcing international law and creates trade partners and investment opportunities for U.S. companies.

Mission Objective 4.2: The Philippines has a strong, independent justice system that is efficient, fair, transparent, and protects human rights of both Philippine and U.S. citizens.

Justification: Weaknesses in the Philippine criminal justice system continue to hamper the fair and transparent delivery of justice, as well as the country's ability to support cross-border law enforcement cooperation and security. The system is widely viewed as corrupt, often allowing the wealthy and well-connected to escape justice. Inefficiencies limit the timely execution of justice, and many cases languish in pretrial procedures with the accused frequently serving more time in pre-trial detention than the maximum possible sentence of the alleged crime, including a significant number of U.S. citizen detainees. Inadequate training and lack of resources limit the professional competence of criminal justice sector staff. President Duterte came to power on a pledge to root out corruption and the current government has publicly stated its desire to institute reforms. Accordingly, this objective seeks to enhance engagement with the GPH and civil society to promote democratic values, effective rule of law, due process, and respect for human rights.

The objective also aims to enhance the efficiency and effectiveness of the judiciary, the Philippine Department of Justice, the Anti-Money Laundering Council (AMLC), the Office of the Ombudsman (the constitutionally-created anti-corruption body), the Commission on Human Rights, and the Department of Interior and Local Government to protect and support citizens. It remains important to improve awareness among law enforcers, judges, prosecutors, the military, and the police of human rights violations, extra-judicial killings, human trafficking, and environmental crime. Through collaboration with the GPH, the United States plans to support stronger interagency actions to investigate and prosecute cases; protect victims, including U.S. citizen victims; combat the trafficking of illicit drugs, money, and goods; deprive criminals of proceeds from illicit activities; support the modernization and professionalization of law enforcement entities; improve cooperation on mutual extradition requests; and support anti-corruption legislation. While substance abuse and trafficking of illicit drugs have been a prevailing issue in the Philippines, the government's war on drugs has brought the issue to the forefront. The government is taking steps to address illicit drug use holistically, moving beyond a strict law enforcement approach, and adopting instead a drug demand reduction approach

that focuses on treatment, prevention and criminal justice sector reform. A key risk associated with not achieving this Mission objective would be deterioration in the rule of law and the justice system's ability to deliver efficient, fair, and transparent justice to the Philippine people and U.S. citizens within its borders.

4. Management Objectives

Management Objective 1: The Mission enhances its preparedness for disasters of all kinds.

Justification: The Philippines is geographically located in one of the most disaster-prone areas in the world. Each year the Philippines averages 20 named typhoons, causing flooding and mudslides throughout the country and in Metro Manila. Also located on the Ring of Fire, there is threat of earthquakes, volcanic eruptions, and possible tsunamis. In addition to natural disaster, terrorist activity or political unrest could also pose a threat. The Mission should be ready for any disaster that occurs.

Management Objective 2: The Mission increases its rental benchmark, obtaining leases and incorporating housing that is more appropriate and aligned with the space allowance established for mid- and senior-level officers. At the same time, the Mission upgrades its housing pool security.

Justification: Rental prices are projected to increase by three percent per year over the next four years and yet the rental benchmark for Manila has remained static. As a result, most residences in the housing pool are significantly below the square footage maximums. 90% of the housing pool is condominiums that are significantly smaller than the space allowance for mid- or senior-grade officers.